Guthrie County / Teamsters 238 (Roads)

2005-2006
CEO 936
SECTOR 1

STATE OF IOWA

PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of the Arbitration

between

GUTHRIE COUNTY, IOWA
(Secondary Road Department)

and

TEAMSTERS LOCAL UNION No. 238, affiliated with INTERNATIONAL BROTHERHOOD OF TEAMSTERS

Before

Harvey A. Nathan
Impasse Arbitrator

PERB Case No.
CEO 936/1

Hearing Held: May 11, 2006

For the County: Renee Von Bokern
Human Resources Consultant

For the Union: Mike Stanfill,
Vice President and Business Agent

ARBITRATOR'S AWARD

I. INTRODUCTION

This is an impasse arbitration case pursuant to the Public Employment Relations Act, Chapter 20 of the Iowa Code. Guthrie County is located in west central Iowa. It is a rural county with an approximate population of 11,500. The county seat is Guthrie Center which is about 55 miles west of Des Moines. The Union represents a bargaining unit of 19 equipment operators, 3 laborers, 2 truck drivers and 2 mechanics. It was organized by Teamsters Local 147 and certified in 1988. In 2004 Local 147 merged with Local 238. The current collective bargaining agreement ("Agreement") was settled at the bargaining table and is effective July 1, 2005 through June 30, 2006.

The parties were unable to voluntarily reach a settlement for the 2006-2007 Agreement. The parties went to fact finding on March 16, 2006 before Sterling L. Benz on three issues. The Fact Finder issued his report and recommendations on March 22, 2006. The County accepted the Fact Finder's recommendations. The Union did not and, pursuant to an extension agreement for resolution of the impasse, the undersigned was selected to serve as the Impasse Arbitrator in this case.

As the parties are aware, Section 20.22(9) of the Iowa Code sets forth the criteria for an impasse arbitration award. Based upon the evidence of record and the parties' presentations, the most salient factors for a determination of this case are bargaining history (subsection 9a) and comparability with other public employees doing similar work (subsection 9b). All other factors, including ability to pay, the public interest, and other

relevant considerations brought to the Arbitrator's attention, also have been evaluated in reaching the final decision in this case.

II. COMPARABILITY

The Fact Finder concluded that 6 of the 7 counties abutting Guthrie County were appropriate for comparability purposes. The 7th county, Dallas County, was rejected by the Fact Finder because of its size, more than 45,000 people. In the absence of any evidence that Guthrie County competes with Dallas County in the employment market or that the sharp growth of Dallas County and its proximity to Polk County has any effect on Guthrie County, the Arbitrator will defer to the Fact Finder.[1] The comparability group is as follows:[2]

	Population	Per Capita Income State Rank
Carroll	21, 086	21
Madison	14, 510	26
Cass	14, 314	52
Greene	10, 047	81
Adair	7, 922	36
Audubon	6, 479	45
Average	12, 393	43.5
Guthrie	11, 500	43
Below Average Size	893 (7.2%)	nil

[1] The parties are reminded that a comparability group loses statistical validity if it gets too small.

[2] The Union and the County differ on population numbers, perhaps because the Union relies on 2000 census numbers and the County uses numbers from a 2002 analysis from ISU. The numbers cited here are the County's numbers. The choice of one set over the other makes no difference in the outcome of this case.

III ANALYSIS OF THE ISSUES

1. Wages:

The wage proposals are expressed in terms of dollars and cents with the same amounts given to each classification across-the-board. The increases, however, are initially computed in terms of a percentage of the equipment operator wage rate, the classification of most employees. Essentially, a percentage increase for this classification will be very slightly less than the percentage increase for the total hourly wage costs for the entire unit. This classification is also used for comparability.

In fact finding, the County proposed a 3% increase for all employees.[3] The Union proposed $1.03 increase which was a 7.65% increase in total wage costs for the bargaining unit. The Fact Finder recommended an $.83 increase which was a 6.17% increase in total wage costs.[4] Although the Fact Finder made a number of comparability computations, the 6.17% increase was the same percentage increase given by the Employer to non-bargaining unit employees. The Union's 7.65% proposal was the same percentage increase in tax revenues anticipated by the County Auditor.

In arbitration, the County has accepted the Fact Finder's $.83 recommendation (6.17%). The Union has maintained its earlier position of $1.03 (7.65%).

---

[3] There is little discussion of the County's fact finding position. The Fact Finder's Report contains a single statement that the Employer proposes 3% increase for each employee.

[4] The $.83 is a 6.15% increase for equipment operators. The $1.03 is a 7.63% increase for that classification.

Historically, this bargaining unit chose the preservation of health care over wages. It was able to maintain comparably good health insurance coverage but with below average wage rates. In 2004 the Union agreed to a wage freeze in exchange for keeping the same medical insurance then in effect. In 2005, the parties settled for a 6% increase but with some changes in medical insurance. Now, in 2006, the Union wants to continue to get closer to the average hourly rate among the comparable counties but with stop loss protection for health insurance costs. The Employer suggests that the Union is seeking such a large wage increase that it will offset any possible savings generated by changes in health insurance made last year. It argues that the Union wants it both ways: high wages and low health insurance contributions. The Union replies that it only wants to protect employees from a mid-year ambush in increased medical insurance costs over which it has no control. Now that it has agreed to contributions toward medical insurance there is no reason for employees to be paid less than the going (wage) rate . The wages currently paid within the comparability group (equipment operators) and the increases for 2006 are as follows:

		Increase	New Rate
Carroll	$ 15.32	4%*	$15.93
Madison	15.04	3.2%**	15.52
Cass	14.67	2.75%	15.07
Greene	14.61	3.4%	15.11
Adair	14.61	3%	15.05
Audubon	14.42	3%	14.85
Average	14.78	3.23%	15.26
Guthrie	13.50		
Proposals	7.65% *v.* 6.17%		$14.53 *v.* $14.33
Below Average Wage	$1.28 (8.7%) Current		$ .73 (4.8%) Union
			.93 (6.1%) Employer

* 3 yr K w/health ins. adjust ** aver. for yr

There are several reasons why the Fact Finder's/Employer's proposal is more appropriate in this case:

1. The Employer's (and Fact Finder's) proposal is nearly twice the average percentage increase for the comparables. The closest percentage increase was in Carroll County, but that was part of a three year agreement and included premium increases for employees and higher deductibles.

2. The 6.17% increase reduces the gap between the comparables and Guthrie County. This increase cuts the differential with the average by more than 40%.

3. In terms of bargaining history it represents the second year in a row where the employees obtained at least a 6% increase.

4. The Fact Finder's Report recommending an $.83 increase was carefully reasoned and there is no basis for this neutral to substitute his judgment for that of another neutral. Some deference should be given to a well thought out fact finding decision.

2. Insurance

Family coverage health insurance has been a difficult issue for the parties. The Union has made sacrifices in order to preserve fully paid family coverage. In 1998 changes were made with prescription drug co-payments. In 2003 the Union agreed to increase the deductible to $250/$500 with a $1000/$2000 out of pocket maximum. Prescription drug co-payments also increased that year. In 2004 the Union agreed to a wage freeze in order to preserve the health insurance benefits negotiated for 2003.

In 2005 the parties negotiated a premium cap of $760 per month for each eligible employee to be paid by the Employer. This was the cost of family coverage at that time. The Union also agreed to double the deductible to $500/$1,000 (with a waiver of deductibles for diagnostic tests). On January 1, 2006, the premium cost for family coverage increased to $793 a month. The Employer decided to absorb that cost and the employees continued with no contributions toward family coverage. In fact finding and in arbitration the Employer has proposed maintaining its contribution at $760. This will immediately cause a contribution of $33.00 per month for each employee taking family coverage. On January 1, 2007, the mid-point of the contract year, the premiums are apt to increase again. This will expose employees to whatever the increases might be. There would be no risk for the Employer. Its contribution would remain capped at $760 per month. The Fact Finder recommended this proposal.

The Union proposed in fact finding, and renews in arbitration, that the $760 cap be replaced with a 95% cap. In other words, whatever the premium costs for family coverage, the Employer would pay 95% and the employees would pay 5%. Inasmuch as 95% of the current $793 is only $753.35, under this proposal the immediate effect would be a decrease in the Employer's contribution by $6.65 per month.[5] But, as the Fact Finder pointed out, on January 1, 2007, the Employer would continue to pay 95% of whatever the increase might be. Thus, if the monthly premium went up 10% on January 1, 2007, from $793 to $872, the

[5] Employees would contribute $39.65 per month whereas under the Employer's proposal of a $760 cap they would contribute $33.00 a month.

Employer's exposure would be about $828, an increase of $68.00 per month. The employees' contributions would be about $44.00 per month, an increase of about $4.35 a month. The Employer argues that this would not be an equitable distribution of increased costs.[6]

Within the comparability group, only Madison and Audubon Counties have family coverage without a premium contribution by employees. In Audubon, the employees have very high deductibles. The average contribution in the other four comparable counties is $126.84 per month.[7] This is about $.73 an hour (126.84 x 12 ÷ 2080), or substantially the same as the average wage differential between the six comparables and Guthrie.[8]

Because wages and insurance are inexorably linked in this bargaining unit, there are good arguments to be made for each side. The best argument for the Union is that it has no control over insurance costs. Its unit members make up only 20% of the employees covered by the Employer's plan. Premium increases will be determined by the utilization of all of the

---

[6] Of course, as the Union argues, if the premiums went up more than 10% the new contributions would seriously dilute the wage increases. Thus, if the premiums went up 15%, the employees' share would be about $152 a month. This would mean that employees would be paying almost 17% of the premiums. The Employer responds to this argument by suggesting that the existing $760 cap could be increased in the Agreement commencing July 1, 2007.

[7] If the two other counties with no employee contributions were factored in, the average contribution among the comparables would be $84.56 an month. This represents $.49 an hour (84.56 x 12 ÷ 2080).

[8] Actually, it would be $.20 less than the wage differential with the awarding of the Employer's wage proposal of $.83 an hour. While this is probably just coincidental, it is a clear showing that the average employee costs in the comparable counties for health insurance is approximately equal to the wage differential (after the $.83 is added) between Guthrie and the comparables' average.

covered employees as well as rising health care costs even if utilization remains level. The Employer, on the other hand, is in a better position to absorb the risks because of its size and availability of resources, and because this is a self-funded plan over which the Employer exercises some control. The risk for the Union is that the cap is fixed and the percentage increase is not. If premiums increase by 25%, as they have in some jurisdictions in some years, the employees are at the mercy of the health care system. There is no stop loss for the employees in the event of an unanticipated premium cost increase.[9]

After careful consideration the Arbitrator awards the Employer/Fact Finder proposal for insurance. It is not an easy decision because of the flaws in both proposals and the because the Fact Finder failed to exercise his authority to recommend a formula which balances the risks. The reasons for the decision are as follows:

1. The $760 cap was just negotiated by the parties. It is a formula the parties voluntarily agreed to. An arbitrator should not tamper with negotiated concepts and procedures without evidence that the current formula has failed. To do so would jeopardize collective bargaining and the hard negotiations which must take place to achieve mutually acceptable solutions. In this case the Arbitrator must assume that the parties were aware of the different approaches to insurance funding and the distribution of risk. They agreed to a fixed cap. That cap has not been in effect long enough for anyone to determine whether it

[9] It can be argued further that it is not in the public interest to have employees who are unable to pay premiums for family coverage. Uninsured family members can become a social obligation and ultimately require greater expenditures than if proper medical care were initially available through insurance.

will work or not. Indeed, the County chose not to utilize the cap for the last six months of the current Agreement. Thus, it can be argued, the cap has not been put into effect at all. What reason, therefore, is there to remove it and substitute another plan?

2. Employee contributions are here to stay. The cost of insurance must be borne by both sides if there is to be a prudent utilization of resources. Employees must have a stake in the risks because the Employer can no more control utilization than can individual employees vis-a-vis the group as a whole.

3. While some comparable counties continue to pay all of the premiums most require contributions by employees. The average monthly contribution among the comparables is much greater than what this unit will have to pay during the first six months of the new Agreement and is not likely to be measurably less in the second six months of the new Agreement. While the Arbitrator will not engage in prognosticating insurance rate increases, neither party has suggested increases as high as 15%. And if such a thing occurs, the parties will be returning to bargaining table in short order.[10]

4. No equitable balance can be achieved for these parties in one year. They need to work at the problem with long range vision. It is the Arbitrator's finding that the Union's

---

[10] There is a certain "chicken and egg" aspect in the chase to get the advantage regarding health care costs and its impact on wages. The County argues that it "gave" on wages and now has the right to "collect" on its insurance provisions. The Union argues that it should not have to play "catch-up" with insurance because it has already lost years of comparable wages in order to maintain its insurance provisions. It argues that the County should not put the employees in jeopardy merely on the basis of two 6% wage increases because these increases still do not achieve wage parity with the comparable counties. Rather, the Union contends, the County should bear the initial exposure and then recoup the results of a bad bargain, if there was one, in the next round of negotiations.

proposal would have a negative effect on long range adjustments because it would signal that a voluntary agreement on a new formula, as was negotiated in 2005, has no significance for the future. If it appears to some employees that the County has had the advantage in this round, and the Arbitrator is not suggesting that that is the case, it is as a result of the bargain the Union made in 2005. If collective bargaining is to have meaning, the agreements reached at the table must be given a chance to prove themselves, or not.

3. Personal Leave

The existing Agreement provides that employees receive paid time off for ten holidays and one half day off with pay for personal business. Additionally, employees are entitled to a paid day off for each six months they accrues without using sick leave. The Union is seeking an additional half day of paid personal leave. It argues that timekeeping for fractional parts of a day is difficult, although it provided no evidence that there have been problems in the past. The half day of personal leave was agreed to at the bargaining table two years ago.

The County has objected to this proposal and the Fact Finder recommended against it. Among the comparables, Adair, Cass and Greene have ten paid holidays and no personal days. Audubon and Carroll have nine paid holidays but two paid personal days. Madison has nine paid holidays but employees earn a half day of paid personal leave after each month of service, or six personal days per year. In other words, except for Madison County, Guthrie County has the same number of holidays and personal days as the average for the five

remaining comparable counties. To the degree that the addition of Madison County to the mix skews the total, Guthrie has the benefit of the two additional days to be earned for not using sick leave.

While the cost of this additional benefit would be relatively minimal, it cannot be awarded for two essential reasons. First, the initial half day was just negotiated two years ago. To add an additional half day so soon without a *quid pro quo* there must be a compelling need. The Union has offered no evidence of need. While there is nothing inappropriate in seeking the additional half day, it is really grist for the bargaining table under the circumstances. Second, there is no support for the additional half day in either the bargaining history or based upon comparability. The Fact Finder reached this conclusion and the Arbitrator concurs.

AWARD

1. The Employer's proposal for wages is awarded.

2. The Employer's proposal for health insurance is awarded.

3. The Employer's proposal for personal days/holidays is awarded.

Respectfully submitted,

HARVEY A. NATHAN

May 15, 2006

CERTIFICATE OF SERVICE

I certify that on the 15th day of May, 2006, I served the foregoing Arbitration Award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Ms. Renee Von Bokern
2771 104th Street, Suite H
Urbandale, IA 50322

Mr. Mike Stanfill
2425 Delaware Avenue
Des Moines, IA 50317

I further certify that on the 15th day of May, 2006, I submitted a copy of this Award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.

Harvey A. Nathan, Arbitrator